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Chairman: The Maharaja Jam Saheb of NAWANAGAR (India).

Financial implications of a draft resolution on agenda item 24, proposed by the First Committee: report of the Secretary-General (A/C.5/373)

1. The CHAIRMAN read out a letter which he had received from the Chairman of the First Committee and in which the Fifth Committee was asked to consider the financial implications of the establishment of a United Nations Commission for the Unification and Rehabilitation of Korea; he asked the Committee to consider the Secretary-General's preliminary estimates (A/C.5/373) of the probable financial consequences of the resolution relating to the independence of Korea.

2. Mr. PRICE (Assistant Secretary-General in charge of the Department of Administrative and Financial Services) explained that in the limited time at its disposal the Secretariat had prepared preliminary estimates of the budgetary consequences of the draft resolution adopted on 4 October 1950 by the First Committee (A/C.1/574). The table given under section I of the Secretary-General's report covered the estimated expenses of the proposed new Commission on a yearly basis. The sum estimated as required for the 1950 expenses for the present United Nations Commission on Korea amounted to \$290,000 but, as a result of recent developments, the expenditure of that Commission was now running at the rate of approximately \$525,000 a year. It had been assumed that staff comparable in number and grade to that now provided would be made available to the new Commission. The present rate of expenditure of \$525,000 yearly included, however, the salaries and expenses of seven staff members who were engaged in relief and rehabilitation work. Those expenses had, therefore, been deducted from the sum of \$525,000, leaving an estimate of the total costs of the new Commission of

approximately \$469,100. It was further assumed that such expenses would be met outside the regular budget of the United Nations.

3. Referring to the second point covered by the First Committee's resolution, namely the holding of elections in Korea under the auspices of the United Nations, Mr. Price said that the Secretary-General felt it would be very difficult to establish even an approximate estimate of the costs which would fall upon the United Nations budget under that heading.

4. No estimate of the probable cost of relief and rehabilitation plans could be given until the Economic and Social Council had made its recommendations.

5. Mr. MACHADO (Brazil) pointed out that in the past it had been the Fifth Committee's practice to submit such proposals as that before the Committee to the Advisory Committee on Administrative and Budgetary Questions for prior consideration and report. His delegation fully understood the urgency of the matter and therefore agreed with the procedure suggested by the Chairman, but hoped that it would not constitute a precedent.

6. He considered that the Fifth Committee should approve the estimates submitted by the Secretary-General in view of the fact that section 5 of part II of the budget estimates for the financial year 1951 (A/1267) contained an item of \$2,500,000 to cover the costs of investigations and inquiries. The Assistant Secretary-General in charge of the Department of Administrative and Financial Services should, as he had done in the past, exercise full control of the budget of the proposed Commission and effect all possible savings.

7. Mr. ROSHCHIN (Union of Soviet Socialist Republics) said his delegation objected to the appropriation of any funds for the proposed commission and

would therefore vote against such a proposal. As the chairman of the USSR delegation had stated in the First Committee, the draft resolution adopted by that Committee would not help the United Nations to reach a peaceful settlement of the Korean conflict but would only lead to the continuation of the struggle.

8. Mr. SHCHERBATYUK (Ukrainian Soviet Socialist Republic) said his delegation would vote against the appropriation of any funds for the proposed Commission for Korea as it considered that the establishment of such a commission was a violation of the principles of the Charter of the United Nations and of the sovereign rights of the Korean people.

9. Mr. NOSEK (Czechoslovakia) said his delegation had strenuously argued against the particular resolution in the First Committee. The resolution would only serve as a justification for the military occupation of Korea and would prolong the activities of a Commission which not only had not solved the Korean question but had helped to stir up civil war in that country. As the proposed Commission could not be trusted to carry out its duties in an unbiased manner, the Czechoslovak delegation would vote against the suggested appropriation of funds.

10. The CHAIRMAN, replying to a question by Mr. HSIA (China), explained that the Fifth Committee was being asked to approve the budgetary estimates submitted in connexion with the United Nations Commission for the Unification and Rehabilitation of Korea, not to appropriate funds for the work of that Commission.

11. Mr. GANEM (France) associated himself with the Brazilian representative in hoping that the procedure adopted for dealing with the budgetary estimates relating to the proposed commission would not be taken as a precedent.

12. He agreed that the Fifth Committee should approve the estimates submitted by the Secretary-General in his report (A/C.5/373), but suggested that when the Fifth Committee came to consider section 5 of part II of the budget (Investigations and inquiries) the Advisory Committee should submit to it a detailed report regarding the budgetary estimates for the proposed new Commission; the necessary appropriations would then be voted in the light of the Advisory Committee's report.

13. He asked for an explanation of the statement under section I of the Secretary-General's report that ten persons would have to be temporarily engaged at Headquarters in replacement of nine persons assigned to the proposed mission.

14. Mr. PRICE (Assistant Secretary-General in charge of the Department of Administrative and Financial Services) said in reply that the staff of the United Nations mission in Korea was composed of forty-one officials: of that number nineteen had been detached from Headquarters, but only ten of them had been replaced by temporary officials. In addition nine members of the staff had been internationally recruited.

15. Mr. GANEM (France) said he still considered that the Secretary-General's report should be studied in detail by the Advisory Committee.

16. Mr. ASTAPENKO (Byelorussian Soviet Socialist Republic), supporting the remarks of the USSR representative, said the principal duty of the United Nations was the peaceful settlement of disputes. His delegation considered that the Korean people should be allowed to determine their own future, that hostilities in Korea should cease immediately and that all foreign troops should be withdrawn. As the proposed commission was not likely to contribute to the attainment of those ideals, his delegation would vote against the appropriations suggested.

17. Mr. KRAJEWSKI (Poland), referring to the statements of the Polish representative in the First Committee, said his delegation considered the war against the Korean people and the intervention by the United States of America and other nations as definitely in conflict with international law. The dispatch of a United Nations commission to Korea could not solve the problem. Accordingly the Polish delegation would vote against the suggested appropriation of funds.

18. The CHAIRMAN then proposed that the Fifth Committee should recommend to the General Assembly that note should be taken of the following financial implications of the draft resolution proposed by the First Committee concerning the problem of the independence of Korea:

(a) That the establishment of a commission as proposed in the draft resolution would involve expenditure over a period of one year of approximately \$469,100;

(b) That this estimate is exclusive of the costs which will fall on the budget of the United Nations in connexion with the holding of elections under United Nations auspices, concerning which estimates will require to be furnished later when fuller information is available;

(c) That this estimate assumes that the expenses connected with the development of relief and rehabilitation plans would be met outside the regular budget of the United Nations.

The proposal was adopted by 40 votes to 5 with one abstention.

19. The CHAIRMAN suggested that the Rapporteur should be authorized to submit the Fifth Committee's report on the budget estimates relating to the establishment of the United Nations Commission for the Unification and Rehabilitation of Korea direct to the plenary meeting of the General Assembly to be held on the following day.

It was so agreed.

20. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) suggested that the Rapporteur's report should refer to the statement made by the Brazilian representative and supported by the French representative, and should propose that the Advisory Committee should study and report on the supplementary estimates to be submitted in connexion with the establishment of the new commission before they were considered by the Fifth Committee.

It was so agreed.

21. Mr. DICKEY (Canada) said that, although most representatives wished the Fifth Committee to be prompt

in the performance of its duties, he hoped that in the future proposals of the type just submitted to the Committee would be submitted automatically to the Advisory Committee before being sent to the Fifth Committee. If that were done, the Fifth Committee would not only have before it the Secretary-General's budget estimates but also the Advisory Committee's report on those estimates and so would be in a position to make more precise recommendations to the General Assembly than it had been able to do in the case just considered.

22. The Canadian delegation would appreciate it if the Advisory Committee would consider how far the United Nations Field Service could be used in the operations of the United Nations Commission for the Unification and Rehabilitation of Korea and in the supervision of the proposed elections. His delegation would also request the Secretary-General to submit to the Fifth Committee, or to the Advisory Committee, particulars showing how far the Field Service was ready to undertake duties of the type mentioned. Detailed information on the financial implications of the proposed elections should also be submitted to the Fifth Committee.

23. The CHAIRMAN assured the Canadian representative that the procedure followed by the Fifth Committee in the consideration of the budget estimates of the United Nations Commission for the Unification and Rehabilitation of Korea would not be adopted as a precedent.

The meeting was suspended at 11.55 a.m. and was resumed at 12.10 p.m.

**Budget estimates for the financial year 1951:
(b) Salary, allowance and leave systems of the
United Nations: report of the Secretary-
General (A/1313 and Corr.1, A/1378) (con-
tinued)**

[Item 39]*

24. The CHAIRMAN said the question to be considered in the discussion which the Committee was resuming was the proposed change from expatriation allowance to repatriation grant. He outlined the recommendations that had been made by the Committee of Experts on Salary, Allowance and Leave Systems and directed attention to the views of the Advisory Committee and the Secretary-General, as set out in documents A/1313 and A/1378, respectively.

25. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) briefly outlined the past history of the question of expatriation allowance, adding that ever since 1947 the Advisory Committee had opposed its continuance. It considered a terminal repatriation grant to be preferable to the existing allowance (A/1313, para. 69), but felt that the scale recommended by the Committee of Experts was unduly liberal. It had accordingly recommended lower figures for the grant, so that the repatriation grant would not exceed \$2,500 in the case of a staff member without dependants, and \$5,000 in the case of one with dependants.

26. The Advisory Committee was unable to agree with the Secretary-General's view (A/1378, para. 12) that monies repaid by the Pension Fund and any termination indemnity due to a staff member were irrelevant to the repatriation grant, and that a staff member should not be obliged to dissipate Pension Fund payments in the expense incurred for settling down anew in his country of origin.

27. M. PRICE (Assistant Secretary-General in charge of the Department of Administrative and Financial Services) said it was generally admitted that it was proper to grant some extra recompense to staff members serving outside their own countries.

28. The proposal of the Committee of Experts to pay a repatriation grant, which had been accepted by the Secretary-General, was a compromise between the proposal to pay an expatriation allowance for a fixed term of two years and the proposal to continue the allowance indefinitely. The point at issue now was the scale of the repatriation grant; the Advisory Committee's view that it was too generous appeared to be based solely on the hypothetical case of a junior official cited in paragraph 69 of its report (A/1313)—hardly a valid basis, in his view, for a whole set of conclusions. For one thing, it was not clear how the figure of \$11,000 mentioned there as a possible total payment had been arrived at; furthermore, if the staff member's own contributions to the Pension Fund and the interest thereon were deducted, the total benefits would not exceed \$5,600—a not unreasonable sum.

29. He reminded the Committee that the proposed change would mean a cut in the "take-home" pay of staff members and really represented a form of compulsory saving in anticipation of the date of the termination of service.

30. Mr. GANEM (France) recalled that the expatriation allowance had been instituted by the General Assembly in 1946 for the purpose of allowing overseas staff members to be installed in the United States on terms of approximate equality with United States nationals. Both the Committee of Experts and the Advisory Committee advised discontinuance of the allowance but he doubted whether the time was ripe for such a measure, which would appreciably reduce the salaries of staff members particularly in the junior grades. The move to Manhattan would undoubtedly involve many staff members in heavier expense. Accordingly, the French delegation considered that the present scales of expatriation allowance should stand for 1951.

31. Mr. MACHADO (Brazil) agreed in principle with the French view that it would be wiser to postpone adoption of the change recommended by the Committee of Experts. If, however, there should be general agreement in favour of the proposed change, the Brazilian delegation would support the Advisory Committee's recommendations which appeared on the whole to be fair. It would, however, propose that, in view of the possibility of hardship on junior staff, expatriation allowances should continue to be paid on a monthly basis to staff in salary grades up to grade D.

32. Mr. ROSHCHIN (Union of Soviet Socialist Republics) said that it was difficult for members of the Committee to judge the extent of the administrative advantages to be derived from the proposed changes in

* Indicates the item number on the General Assembly agenda.

the salary, allowance and leave systems. There was obviously, of course, a certain simplification in the reduction of the number of salary grades from 19 to 10.

33. The tendency of budgets of the United Nations to increase year by year had already been the subject of much adverse comment, and the new scheme for rationalizing the structure of the Secretariat had been introduced as likely to effect considerable savings, both in salaries and recruitment of new staff.

34. Referring to expatriation allowances, he said it was estimated that \$620,000 (241st meeting, para. 21) would be saved annually under the new scheme, but the real truth was that that amount would have to be capitalized and paid out in lump sums as and when the services of staff members were dispensed with. It could not therefore be regarded as a *bona fide* economy.

35. After analyzing all the figures submitted the previous day by Mr. Andersen, he (Mr. Roshchin) had been forced to the conclusion that the new scheme would not really produce any economies.

36. It seemed to him that one of the chief aims of the new system was to increase the level of remuneration of the staff, in particular, of staff members in the higher income groups. The main reasons adduced in justification were that the cost of living had risen by 26 per cent since 1946, and that the responsibilities of the Secretariat and the volume of work had been constantly increasing. The present salary scales had been approved at the end of 1947, when the rise in living costs to that date had been taken into consideration. Moreover, it had always been expected that the responsibilities of the staff would increase, and surely any increase in the volume of work should be offset by the enlarged experience of the staff over the past five years.

37. A new scheme should not be adopted unless it resulted in greater efficiency on the part of the Secretariat as well as in economies in the budget; the proposals before the Committee certainly did not meet the latter requirement.

38. In regard to home leave, the USSR delegation favoured the retention of the system of home leave at two-yearly intervals. It was very desirable that staff members should be enabled to keep in touch with their own countries and peoples.

39. On the question of expatriation allowance, it would, he thought, be advisable to hear the views of the Staff Committee, either directly in the Committee or through the Chairman and Mr. Aghnides. In any case, the amounts involved should be reflected in the monthly accounts, so as not to give a false impression that economies were being effected.

40. If the new scheme should meet with general acceptance his delegation would vote for the Advisory Committee's recommendations.

41. Mr. PRICE (Assistant Secretary-General in charge of the Department of Administrative and Financial Services), replying to the USSR representative, said that, under the new scheme, in so far as it related to salaries above \$7,000 *per annum*, no account had been taken of the increased cost of living. Nor had the Secretary-General proposed any increase in the maximum salaries for assistant secretaries-general and top ranking directors.

42. Referring to the French representative's suggestion that the present expatriation allowance should be continued, he felt it was only fair to point out that a decision to that effect would necessitate a very considerable increase in the budget estimates for 1951. The estimate for repatriation grants amounted to \$35,000 for 1951, whereas the present rate for expatriation allowance was \$626,000 yearly. Although it was true that the appropriations for the repatriation grant would increase in coming years, he doubted whether they would ever reach a total of \$626,000.

43. Mr. KRAJEWSKI (Poland) raised the questions of the continued refusal of the United States Government to accede to the Convention on Privileges and Immunities and the paradoxical situation created by the fact that the United Nations reimbursed staff members, nationals of the United States, for the income tax they were required to pay to the United States Treasury. He also spoke of the disproportion that had hitherto existed in the geographical distribution of the staff and asked what steps the Secretary-General was taking to put those matters right.

44. Mr. PRICE (Assistant Secretary-General in charge of the Department of Administrative and Financial Services) replied that the United States Government had not decided to exempt its nationals serving in the Secretariat from the payment of income tax. The Secretary-General had brought the matter to the attention of the United States delegation on numerous occasions.

45. Referring to the question of the geographical distribution of the staff, he said that a comparison of the list of staff members for 1950 with the corresponding lists for the past few years would show that considerable progress had been made towards securing a more equitable geographical distribution.

The meeting rose at 1.10 p.m.